

To the Members of the California State Assembly:

I am returning Assembly Bill 1155 without my signature.

Current law already gives broad authority to the Department of Managed Health Care (Department) to assess administrative penalties against health plans for a variety of violations, including unlawful provider payment practices of health plans.

The Department has taken a number of actions to resolve payment disputes between plans and providers. Since the creation of the Department's provider complaint unit, it has assisted providers in recovering \$5.8 million in reimbursements. The Department has also collected over \$4.2 million in fines as a result of plans' failure to pay claims in a timely manner and based on other related violations of law.

It is ironic that the Department created an independent dispute resolution process as another mechanism to ensure the appropriate payment of non-contracting providers. Thus far, physicians have not utilized this process. Instead, many continue to engage in the practice of billing the patient when the plan and provider cannot agree on reimbursement. Providers should stop putting the patient in the middle of their payment disputes, and start developing a more comprehensive solution instead of a one-sided approach that AB 1155 represents.

For these reasons, I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger